

ACCESS AdvanceSM LLC

**Multi – Codec Bridging Agreement
("MCBA")**

July 2021

Access Advance's MCBA Agreement

TOPIC: MCBA Structure

- The MCBA is not a license, it is an “administrative” Agreement that permits Licensees in both the HEVC Advance and VVC Advance Patent Pools to pay a substantially reduced royalty rate for products that include both HEVC and VVC codecs, as compared to the sum of the royalty rates set forth for HEVC products under the HEVC Advance Patent Pool License (“PPL”) and those set forth for VVC Products under the VVC Advance PPL
- The MCBA is an option for Licensees. Licensees may choose to take the VVC Advance PPL and seek bilateral licenses for HEVC, or vice versa. Or a Licensee may sign each PPL and *not* sign the MCBA. However, to receive the benefits of the MCBA, the Licensee must sign both the VVC Advance PPL and the HEVC Advance PPL, as well as the MCBA
- This format is necessary in order to keep the two programs separate and independent – providing Licensees the ability to choose what they need, while still being able to offer the benefits of the MCBA for those Licensees who choose to take advantage of it

Access Advance's MCBA Agreement

TOPIC: MCBA Benefits for Licensees

- The total royalty rate payment for Licensee products implementing both VVC functionality and HEVC functionality are significantly reduced as compared to the additive rates of the individual pools
- Simplified reporting, invoicing, and payment
- Certainty that rates and caps will not increase by more than 20% for any Renewal Term
- Certainty of licensing terms through 2035
- Simplified patent marking and trademark logo usage on VVC+HEVC Products (one notice and one logo addresses obligations under both the HEVC Advance PPL and the VVC Advance PPL)

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TOPIC: Royalty Rates for Licensees Under the MCBA

- MCBA royalty rates for VVC+HEVC Products are the same as the VVC Advance Patent Pool royalty rates (*i.e.*, the rates for VVC-Only Products)
 - Note, the MCBA rates apply only to Licensees “In-Compliance” – Licensees *not* In-Compliance must pay the applicable rates under the separate VVC Advance PPL and HEVC Advance PPL
- MCBA Category and Enterprise caps are 25% greater than the VVC Advance Patent Pool (*e.g.*, a \$15MM increase over the VVC Advance Patent Pool Enterprise cap of \$60MM) subject to the below incentive
 - With an incentive for Licensees joining on or before June 30, 2022, the MCBA Category and Enterprise caps would be discounted for the Initial Term and the First Renewal Term to the VVC Advance Patent Pool Category and Enterprise cap (*i.e.*, 60MM Enterprise cap for the Initial Term and \$60MM plus any increase for the First Renewal Term)

MCBA: Royalty Rate Structure for Licensees In-Compliance w/Trademark Discount, Effective January 1, 2022

Device Category and Examples	Selling Price	Per-Device Royalty ⁽¹⁾ All Profiles	Annual In-Compliance Device Category Caps ⁽²⁾ for Legal Entities that become Licensees on or before 6/30/2022	Annual In-Compliance Device Category Caps ⁽²⁾ for Legal Entities that become Licensees after 6/30/2022	Annual In-Compliance Enterprise Cap ⁽²⁾ for Legal Entities that become Licensees on or before 6/30/2022	Annual In-Compliance Enterprise Cap ⁽²⁾ for Legal Entities that become Licensees after 6/30/2022	
Mobile Devices: Mobile Phone, Tablet, Laptop	All price ranges	\$0.50/\$0.25	\$45MM \$30MM (If entity does not sell phones)	\$55MM \$37.5MM (If entity does not sell phones)			
Connected Home & Other Devices: <u>Consumer Products:</u> Set-Top Box, Game Console, Blu-ray Player, Desktop PC, non-4k UHD+ TV, HEVC Software, Surveillance Cameras, Conferencing Products, Medical Imaging, Digital Signage	Devices ≤\$80.00 ⁽²⁾	\$20 or less \$20.01-\$30.00 \$30.01-\$40.00 \$40.01-\$50.00 \$50.01-\$60.00 \$60.01-\$70.00 \$70.01-\$80.00	\$0.25/\$0.25 \$0.3125/\$0.3125 \$0.4375/\$0.4375 \$0.5625/\$0.50 \$0.6875/\$0.50 \$0.8125/\$0.50 \$0.9375/\$0.50	\$30MM	\$37.5MM	<u>Annual Enterprise Cap</u> \$60 million	<u>Annual Enterprise Cap</u> \$75 million
	Devices >\$80.00 and All VVC Software	\$1.00/\$0.50					
4K UHD+ Television/Display	All price ranges	\$1.50/\$0.75	\$30MM	\$37.5MM			
Digital Media Storage Blu-ray Discs, Other Storage Devices	All price ranges	<u>Per Disc/Title</u> \$.028/\$.014	\$3.75MM	\$4.5MM			

(1) Royalties shown are Region 1/Region 2 Countries/Territories. Rates include all Profiles.

(2) Excludes VVC Software.

This chart is a high-level summary for information purposes only. The terms of the Patent License Agreement control.

MCBA: Royalty Rate Structure for Licensees In-Compliance without Trademark Discount, Effective January 1, 2022

Device Category and Examples	Selling Price	Per-Device Royalty ⁽¹⁾ All Profiles	Annual In-Compliance Device Category Caps ⁽²⁾ for Legal Entities that become Licensees on or before 6/30/2022	Annual In-Compliance Device Category Caps ⁽²⁾ for Legal Entities that become Licensees after 6/30/2022	Annual In-Compliance Enterprise Cap ⁽²⁾ for Legal Entities that become Licensees on or before 6/30/2022	Annual In-Compliance Enterprise Cap ⁽²⁾ for Legal Entities that become Licensees after 6/30/2022
Mobile Devices: Mobile Phone, Tablet, Laptop	All price ranges	\$0.555/\$0.277	\$45MM \$30MM (If entity does not sell phones)	\$55MM \$37.5MM (If entity does not sell phones)		
Connected Home & Other Devices: <u>Consumer Products:</u> Set-Top Box, Game Console, Blu-ray Player, Desktop PC, non-4k UHD+ TV, HEVC Software, Surveillance Cameras, Conferencing Products, Medical Imaging, Digital Signage	Devices ≤\$80.00 ⁽²⁾		\$30MM	\$37.5MM	<u>Annual Enterprise Cap</u> \$60 million	<u>Annual Enterprise Cap</u> \$75 million
	\$20 or less	\$0.277/\$0.277				
	\$20.01-\$30.00	\$0.347/\$0.347				
	\$30.01-\$40.00	\$0.486/\$0.486				
	\$40.01-\$50.00	\$0.625/\$0.555				
	\$50.01-\$60.00	\$0.764/\$0.555				
	\$60.01-\$70.00	\$0.903/\$0.555				
	\$70.01-\$80.00	\$1.042/\$0.555				
	Devices >\$80.00 and All VVC Software	\$1.111/\$0.555				
4K UHD+ Television/Display	All price ranges	\$1.667/\$0.833	\$30MM	\$37.5MM		
Digital Media Storage Blu-ray Discs, Other Storage Devices	All price ranges	<u>Per Disc/Title</u> \$0.031/\$.0155	\$3.75MM	\$4.5MM		

(1) Royalties shown are Region 1/Region 2 Countries/Territories. Rates include all Profiles.

(2) Excludes VVC Software.

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 Thank You.

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